

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 AGRE-00 AID-05 CEA-01
CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01
SP-02 STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 /069 W
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R 061758Z DEC 76

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TO SECSTATE WASHDC 2512

INFO ALL EC CAPITALS 2828

USDEL MTN GENEVA

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USMISSION OECD PARIS

AMEMBASSY CANBERRA

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PASS AGRICULTURE ELECTRONICALLY

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC BARLEY MALT EXPORT SUBSIDY

REF EC BRUSSELS 11890

1. WE DISCUSSED THE RECENT INCREASE IN THE EC'S EXPORT SUBSIDY ON BARLEY MALT (REFTEL) WITH A MEMBER OF THE AUSTRALIAN MISSION. HE SAID THAT THE INCREASE IN THE EC SUBSIDY WAS, IN FACT, SOMEWHAT LESS THAN THEY HAD ANTICIPATED. HE SAID THAT AUSTRALIAN MALTSTERS HAD RAISED THEIR PRICE ONLY SLIGHTLY (IN TERMS OF AUSTRALIAN DOLLARS) IN THE WAKE OF AUSTRALIA'S 17.5 PERCENT DEVALUATION. CONSEQUENTLY, THE AUSTRALIAN BARLEY MALT PRICE HAD DROPPED ABOUT \$40-\$50 PER TON IN TERMS OF US DOLLARS. THEY WERE NOW SEEING AT UNDER \$250 A TON. HE THOUGHT THAT EVEN WITH THE INCREASE IN SUBSIDY THE EC WOULD ONLY BE ABLE TO SELL AT \$275-\$280 PER TON.

2. THE AUSTRALIAN OFFICIAL SAID THAT THE LOW-PRICE POLICY BEING PURSUED BY THE AUSTRALIAN MALTSTERS RESULTED FROM THEIR DESIRE TO INCREASE SALES ON THE JAPANESE MARKET. THUS FAR THIS YEAR THEY HAVE SOLD ONLY ABOUT 78,000 TONS TO JAPAN. THE AUSTRALIAN
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MALTSTERS WERE DETERMINED TO SELL THEIR TRADITIONAL AMOUNT OF

105,000 - 110,000 TONS. THE JAPANESE ARE APPARENTLY IN A STRONG
BARGAINING POSITION BECAUSE THEY HAVE LARGE STOCKS OF MALT
RESULTING FROM HEAVY PURCHASES (IN LARGE PART FROM THE EC)
LAST YEAR. HINTON

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Message Attributes

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